

Company Registration No. 03979963 (England and Wales)

ACUMEN AUTOMOTIVE LOGISTICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

COMPANY INFORMATION

Directors	J Hodges C Doughty S Brown J Doughty R Waring	(Appointed 22 August 2019) (Appointed 11 August 2020)
Secretary	The Oxford Secretariat Limited	
Company number	03979963	
Registered office	Winter Hill House Marlow Reach Station Approach Marlow Buckinghamshire SL7 1NT	
Auditor	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE	
Business address	Acumen House Park Circle Tithe Barn Way Swan Valley Northampton NN4 9BH	

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

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ACUMEN AUTOMOTIVE LOGISTICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair Review of the Business

The profit and loss on page 7 shows turnover of £10,289,286 (2018 - £13,261,676), which resulted in a profit before taxation of £227,856 (2018 - £312,850 loss).

The balance sheet shows that the company's net liabilities at the year end have decreased from £984,509 to £782,574.

The various Brexit deadlines which came and went during the year, for which 11th hour extensions were agreed, had a fundamental effect on the company's results in 2019. In each case where this happened, multiple of the company's automotive customers planned extra shutdown weeks immediately following each deadline, in case of disruption to their supply chains. As each deadline was extended late in the day, all of these shutdowns proceeded anyway. Without these extra shutdowns the directors are satisfied the company's profits would have been considerably higher.

Principal risks and uncertainties

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

COVID-19 - The company continues to operate in an environment of uncertainty associated with the current situation which has dominated the world social and economic climate, since early 2020. The directors have assessed the impact of COVID-19 on their ability to continue trading for the foreseeable future. They have concluded the company has sufficient on-going trading activities and resources available to continue trading for the foreseeable future.

Other principal risks and uncertainties facing the company are as follows:

Legislative

The company has systems and procedures in place to ensure compliance with, and to manage, the impact of changes in Government legislation such as the Working Time Directive, TUPE, fuel duty, vehicle operating procedures, environmental and vehicle emission requirements.

Financial and Liquidity

The company's forecasts and projections show that the company should be able to operate within its current facilities for a period of at least the next 12 months. Management continues to monitor and control working capital and capital expenditure requirements very closely.

Competitor pressure

The market in which the company operates is considered to be extremely competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing quality services and maintaining strong relationships with its key customers.

Key performance indicators

The directors review internal management accounts on a monthly basis and consider their detailed review of operating margins and compliance as the best indicator of performance and position of the business.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Future Developments

The directors plan to win new business and secure current contracts within its existing car transportation markets. There are also plans to continue the company's capital investment programme into its specialist fleet.

Brexit – Brexit continues to be of concern to the wider UK Automotive Sector to which the company belongs. The directors feel it is likely there will be some disruption to supply chains in the early weeks of 2021, immediately after the UK's exit from the EU, which could cause short term stoppages of UK car plants. Should this come to pass, there would be a knock-on short-term financial impact on the company, but it is felt this would be unlikely to persist beyond January 2021. The longer-term impact of Brexit, if tariff free trade agreements are not put in place, could be some UK car assembly plants being re-located overseas. This would have a more significant impact on the company's activities. However, it is expected by the directors this would occur over a 3 to 7-year timescale due to product cycles and in this event, the directors would seek to diversify into other sectors, as a matter of high priority. The directors believe they and the company's workforce have the transferable skills which would allow this to be realistically achievable.

On behalf of the board

J Hodges

Director

26 November 2020

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and financial statements for the year ended 31 December 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Hodges	
P Raybould	(Resigned 17 July 2019)
C Doughty	
S Brown	
J Doughty	(Appointed 22 August 2019)
R Waring	(Appointed 11 August 2020)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J Hodges
Director

26 November 2020

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ACUMEN AUTOMOTIVE LOGISTICS LIMITED

Opinion

We have audited the financial statements of Acumen Automotive Logistics Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF ACUMEN AUTOMOTIVE LOGISTICS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Alexander Bell FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

26 November 2020

Chartered Accountants
Statutory Auditor

Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	10,289,286	13,261,676
Cost of sales		(9,640,351)	(13,108,538)
Gross profit		648,935	153,138
Administrative expenses		(257,493)	(258,315)
Operating profit/(loss)	4	391,442	(105,177)
Interest payable and similar expenses	6	(163,586)	(207,673)
Profit/(loss) before taxation		227,856	(312,850)
Tax on profit/(loss)	7	(25,921)	678
Profit/(loss) for the financial year		201,935	(312,172)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Profit/(loss) for the year	201,935	(312,172)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>201,935</u>	<u>(312,172)</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		3,303,130		1,640,410
Current assets					
Debtors	9	1,721,039		1,854,514	
Cash at bank and in hand		1,113,899		186,954	
		<u>2,834,938</u>		<u>2,041,468</u>	
Creditors: amounts falling due within one year	10	<u>(2,636,859)</u>		<u>(2,415,491)</u>	
Net current assets/(liabilities)			<u>198,079</u>		<u>(374,023)</u>
Total assets less current liabilities			<u>3,501,209</u>		<u>1,266,387</u>
Creditors: amounts falling due after more than one year	11		(4,250,313)		(2,243,347)
Provisions for liabilities	13		<u>(33,470)</u>		<u>(7,549)</u>
Net liabilities			<u><u>(782,574)</u></u>		<u><u>(984,509)</u></u>
Capital and reserves					
Called up share capital	16		4		4
Profit and loss reserves			<u>(782,578)</u>		<u>(984,513)</u>
Total equity			<u><u>(782,574)</u></u>		<u><u>(984,509)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 November 2020 and are signed on its behalf by:

J Hodges
Director

Company Registration No. 03979963

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2018	4	(672,341)	(672,337)
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(312,172)	(312,172)
	<u>4</u>	<u>(984,513)</u>	<u>(984,509)</u>
Balance at 31 December 2018	4	(984,513)	(984,509)
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	201,935	201,935
	<u>4</u>	<u>(782,578)</u>	<u>(782,574)</u>
Balance at 31 December 2019	<u>4</u>	<u>(782,578)</u>	<u>(782,574)</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	20	1,835,150		798,558	
Interest paid		(163,586)		(207,673)	
Net cash inflow from operating activities		<u>1,671,564</u>		<u>590,885</u>	
Investing activities					
Purchase of tangible fixed assets		(138,296)		(173,512)	
Proceeds on disposal of tangible fixed assets		<u>477,016</u>		<u>286,456</u>	
Net cash generated from investing activities		338,720		112,944	
Financing activities					
Payment of finance leases obligations		<u>(1,083,339)</u>		<u>(619,415)</u>	
Net cash used in financing activities		(1,083,339)		(619,415)	
Net increase in cash and cash equivalents		<u>926,945</u>		<u>84,414</u>	
Cash and cash equivalents at beginning of year		<u>186,954</u>		<u>102,540</u>	
Cash and cash equivalents at end of year		<u><u>1,113,899</u></u>		<u><u>186,954</u></u>	

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Acumen Automotive Logistics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Winter Hill House, Marlow Reach, Station Approach, Marlow, Buckinghamshire, SL7 1NT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 33 'Related Party Disclosures' – not to provide disclosures of transactions entered into with other wholly-owned members of the group

The financial statements of the company are consolidated in the financial statements of Acumen Logistics Group Limited. These consolidated financial statements are publicly available from Companies House.

1.2 Going concern

These financial statements are prepared on the going concern basis. During 2020, COVID-19 has been dominating the world social and economic climate. The company continues to operate in an environment of uncertainty associated with the current situation. The directors have concluded that with ongoing prudent management, together with the governmental and banking support offered to companies, it is highly unlikely it would not be able to continue as a going concern in the foreseeable future. The directors are continuously monitoring the situation and recognise that uncertainties exist that may impact significantly on future performance and could challenge the applicability of the going concern basis in extreme circumstances.

1.3 Turnover

Turnover represents invoiced sales of transportation services, excluding value added tax.

Income is recognised in the accounting period in which the service is rendered, by reference to completion of the specific transaction.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	2 - 10 years on cost
Equipment, fixtures and fittings	2 - 5 years on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, finance leases and loans from group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.14 Post balance sheet event

The COVID-19 pandemic has been identified as a relevant event, but it is deemed to be non-adjusting as the condition did not exist at the balance sheet date. The directors have considered the effect of the COVID-19 pandemic on the company's activities. This event has caused severe disruption to the company's operational activities, but at the date of the approval of these financial statements, the directors consider the 'first wave' has been successfully navigated. Managing the combined effects of COVID-19 and Brexit through the winter of 2020/21 is the directors' top priority.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Going concern

As indicated in note 1.2 it is the directors' assessment that the company continues to be a going concern. Accordingly, assets and liabilities have been valued on the basis that the company will continue in business. If this presumption proved to be mistaken the carrying value of assets and liabilities would need to be reappraised to reflect the impact of cessation.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

Determining residual values and useful economic life of tangible fixed assets (property, plant and equipment)

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgment is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Transport services	10,289,286	13,261,676
	<u>10,289,286</u>	<u>13,261,676</u>
	2019	2018
	£	£
Turnover analysed by geographical market		
UK	10,116,711	13,054,301
Europe	172,575	207,375
	<u>10,289,286</u>	<u>13,261,676</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit/(loss)

	2019	2018
	£	£
Operating profit/(loss) for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	7,200	7,200
Depreciation of owned tangible fixed assets	225,666	53,012
Depreciation of tangible fixed assets held under finance leases	442,254	298,173
Loss on disposal of tangible fixed assets	39,170	889
	<u>714,290</u>	<u>359,274</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Office and management	13	12
Operational	62	91
	<u>75</u>	<u>103</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,988,814	4,189,308
Social security costs	307,900	439,881
Pension costs	63,006	60,235
	<u>3,359,720</u>	<u>4,689,424</u>

6 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	15,029	29,823
Other finance costs:		
Interest on finance leases and hire purchase contracts	148,557	177,850
	<u>163,586</u>	<u>207,673</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Taxation

	2019	2018
	£	£
Deferred tax		
Origination and reversal of timing differences	25,921	(678)
	<u>25,921</u>	<u>(678)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit/(loss) before taxation	227,856	(312,850)
	<u>227,856</u>	<u>(312,850)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	43,293	(59,442)
Tax effect of expenses that are not deductible in determining taxable profit	2,286	1,011
Change in unrecognised deferred tax assets	-	395
Effect of change in corporation tax rate	-	572
Group relief	(20,812)	56,786
Deferred tax adjustments in respect of prior years	1,154	-
	<u>1,154</u>	<u>-</u>
Taxation charge/(credit) for the year	25,921	(678)
	<u>25,921</u>	<u>(678)</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Tangible fixed assets

	Plant and machinery	Equipment, fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2019	2,360,990	182,971	2,543,961
Additions	2,824,901	21,925	2,846,826
Disposals	(1,197,734)	-	(1,197,734)
	<u>3,988,157</u>	<u>204,896</u>	<u>4,193,053</u>
At 31 December 2019			
Depreciation and impairment			
At 1 January 2019	804,085	99,466	903,551
Depreciation charged in the year	614,243	53,677	667,920
Eliminated in respect of disposals	(681,548)	-	(681,548)
	<u>736,780</u>	<u>153,143</u>	<u>889,923</u>
At 31 December 2019			
Carrying amount			
At 31 December 2019	<u>3,251,377</u>	<u>51,753</u>	<u>3,303,130</u>
At 31 December 2018	<u>1,556,905</u>	<u>83,505</u>	<u>1,640,410</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and machinery	<u>3,178,006</u>	<u>1,446,835</u>

9 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,023,329	1,017,431
Amount due from parent undertaking	536,796	648,336
Amounts due from group undertakings	45,087	-
Other debtors	30,044	31,807
Prepayments and accrued income	85,783	156,940
	<u>1,721,039</u>	<u>1,854,514</u>

Trade debtors disclosed above are measured at amortised cost.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Obligations under finance leases	12	648,627	427,190
Trade creditors		419,435	879,279
Amounts owed to group undertakings		-	215,881
Taxation and social security		322,647	395,209
Other creditors		1,134,622	339,299
Accruals and deferred income		111,528	158,633
		<u>2,636,859</u>	<u>2,415,491</u>

Obligations under hire purchase are secured against the asset to which they relate.

11 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	12	2,167,744	763,990
Amounts owed to group undertakings		2,082,569	1,479,357
		<u>4,250,313</u>	<u>2,243,347</u>

Obligations under hire purchase are secured against the asset to which they relate.

Amounts due to group undertakings have not been discounted due to the fact that it is stated to be repayable on demand. However, it is not the intention of directors to recall the debt in the foreseeable future and hence has been disclosed to reflect this fact.

The company has access to group financing facilities with Barclays Bank Plc of up to £5,400,000. At the reporting date the company had drawn down £419,926 (2018 - £234,632) under the facility. This liability is included in other creditors.

Bank facilities are secured by a limited guarantee by M E Daffron and an unlimited guarantee from Acumen Distribution Limited and Acumen Logistics Group Limited.

12 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	1,010,028	427,190
In two to five years	1,806,343	763,990
	<u>2,816,371</u>	<u>1,191,180</u>

It is the company's policy to lease certain equipment under finance leases. The average lease term is 5 years. The effective borrowing rate for the year was 7.41%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	14	33,470	7,549
		<u> </u>	<u> </u>

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Fixed asset timing differences	33,470	7,549
	<u> </u>	<u> </u>
Movements in the year:		2019 £
Liability at 1 January 2019		7,549
Charge to profit or loss		11,561
		<u> </u>
Liability at 31 December 2019		19,110
		<u> </u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

15 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,006	60,235
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
4 Ordinary shares of £1 each	4	4
	<u> </u>	<u> </u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****17 Operating lease commitments**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	441,120	139,662
Between two and five years	1,033,088	-
	<u>1,474,208</u>	<u>139,662</u>

18 Related party transactions

The company is a wholly owned member of Acumen Logistics Group Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly-owned members of the group.

19 Ultimate controlling party

During the current and previous years, the ultimate and immediate parent company of Acumen Automotive Logistics Limited was Acumen Logistics Group Limited, a company registered in England and Wales.

Acumen Logistics Group Limited is the parent undertaking of the smallest and largest group which prepares group financial statements and copies can be obtained from the Registrar of Companies .

The registered office for Acumen Logistics Group Limited is Winter Hill House, Marlow Reach, Station Approach, Marlow, Buckinghamshire, SL7 1NT.

The ultimate controlling party is J Hodges by virtue of the fact that he holds 100% of the issued share capital of Acumen Logistics Group Limited.

20 Cash generated from operations

	2019 £	2018 £
Profit/(loss) for the year	201,935	(312,172)
Adjustments for:		
Taxation charged/(credited)	25,921	(678)
Finance costs	163,586	207,673
Loss on disposal of tangible fixed assets	39,170	889
Depreciation and impairment of tangible fixed assets	667,920	351,187
Movements in working capital:		
Decrease in debtors	133,475	122,678
Increase in creditors	603,143	428,981
Cash generated from operations	<u>1,835,150</u>	<u>798,558</u>

ACUMEN AUTOMOTIVE LOGISTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Analysis of changes in net debt

	1 January 2019	Cash flows	New finance leases	31 December 2019
	£	£	£	£
Cash at bank and in hand	186,954	926,945	-	1,113,899
Obligations under finance leases	(1,191,180)	1,083,339	(2,708,530)	(2,816,371)
	<u>(1,004,226)</u>	<u>2,010,284</u>	<u>(2,708,530)</u>	<u>(1,702,472)</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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